

# RENTAL ASSISTANCE DEMONSTRATION (RAD)

## FACT SHEET #2: STEPS IN A RAD CONVERSION

### WHAT IS RAD?

The **Rental Assistance Demonstration (RAD)** is a program of the Department of Housing and Urban Development (HUD) that seeks to **preserve affordable housing**.

Public housing units across the country need more than \$26 billion in repairs and many public housing agencies (PHAs) do not have enough money to keep units in good condition. RAD provides PHAs a way to repair units without depending on additional money from the government.

RAD allows PHAs to convert a public housing property's HUD funding to either:

- **Section 8 project-based voucher (PBV); or**
- **Section 8 project-based rental assistance (PBRA).**

This conversion of funding type lets PHAs borrow money to make needed repairs.

### WHAT ARE THE STEPS IN A RAD CONVERSION?

When your PHA decided to consider RAD, your PHA had to start making plans, looking for funding, and talking to residents.

Before submitting an **application** to HUD, your PHA must have two meetings with residents. Your PHA must submit its response to any resident comments or questions as part of the application.

If HUD determined that your property could participate in RAD after reviewing its application, HUD awards your PHA a **Commitment to Enter into a Housing Assistance Payment Contract (CHAP)**.

After receiving a CHAP, your PHA has to provide HUD with more documents, each with specific deadlines. Most of them are submitted to HUD within about a year.

#### FACT SHEETS FOR PUBLIC HOUSING RESIDENTS

This series of fact sheets will help public housing residents learn about RAD. All fact sheets are posted on RAD's website at [www.hud.gov/rad](http://www.hud.gov/rad), under the 'Residents' tab. This fact sheet discusses the steps that your PHA has to take in order to convert public housing assistance through RAD.

### PHA PLAN SIGNIFICANT AMENDMENT

A RAD conversion is important enough that it has to be documented in the PHA's Annual or Five-Year Plan.

If the RAD conversion isn't already described in the PHA Plan, the PHA needs to prepare a **Significant Amendment to the PHA Plan**. Any changes to a PHA Plan must go through a public comment process, which includes a public meeting.

In addition to the information generally required in the PHA Plan, your PHA must include the following information specific to their RAD conversion plans:

- A description of the number units to be converted, including bedroom size, and who lives in the units (families, elderly, or those with disabilities);
- Any change in the number of units;
- Any change in the bedrooms per unit;
- Any change in policies about who can live in the units; and
- If any of the units at the property will be moved to another site.

## FINANCING PLAN

HUD wants to make sure that your PHA has enough money to complete all the necessary repairs and to take care of the building after that.

To show that your PHA's plans make sense, your PHA will have to submit its **Financing Plan** to HUD for approval before conversion. The

**Financing Plan** includes the following information:

- Type of conversion (PBV or PBRA)
- **Physical Condition Assessment (PCA)**
- Plans for rehabilitation or new construction
- Environmental Review
- Fair housing and relocation documents
- Development budget
- Development team
- Operating and maintenance costs

After HUD reviews and approves the Financing Plan, it will issue a **RAD Conversion Commitment (RCC)** to your PHA. Receiving an RCC means that HUD has approved your PHA's RAD plans and that the property is close to completing the conversion process.

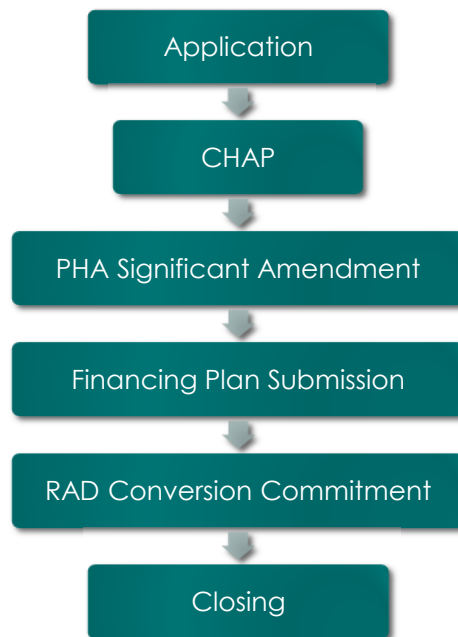


## CLOSING

After receiving an RCC, your property will move toward **Closing**. After closing, your property will no longer be part of the public housing program.

The new Section 8 PBRA or PBV **Housing Assistance Payment** contract and the **RAD Use Agreement** will become effective after closing. At this point, your property is now under the **PBRA** or **PBV** programs. Your PHA will have to work on any repairs needed at the property and make sure to complete them within required timelines.

### BASIC STEPS IN A RAD CONVERSION



#### DEFINITIONS:

- **Closing** – The final step in a real estate transaction. In RAD, this is one of the final steps in the conversion process. After closing, a property is no longer public housing.
- **Commitment to Enter into a Housing Assistance Payments (CHAP)** – After HUD reviews a PHA's RAD application, HUD issues a CHAP. The CHAP allows PHAs to begin their RAD conversion process.
- **Financing Plan** – The plan that shows the PHA has all the money needed for repairs and construction, and is ready to convert.
- **Housing Assistance Payment Contract** – The agreement between your PHA and HUD that states the amount of subsidy payments provided by HUD to PBV and PBRA contracts.
- **Physical Condition Assessment** – A detailed physical inspection of a PHA property that will list the repairs that the PHA will need to make as part of the RAD conversion.
- **RAD Conversion Commitment** – Agreement between HUD and the PHA, following HUD approval of the Financing Plan, that describes the terms and conditions of the conversion.
- **RAD Use Agreement** – Document requiring that the RAD property be used for affordable housing.